

Journal of Public Policy Practitioners (JPPP)

Volume 1 Issue 2, Fall 2022


ISSN(P): 2959-2194, ISSN(E): 2959-2208

Homepage: <https://journals.umt.edu.pk/index.php/jppp>



Article QR



- Title:** Appraisal Of Comprehensive Scheme of Increasing Tax Base Proposed by FPCCI
- Author (s):** Muhammad Bilal Malik
- Affiliation (s):** National Institute of Management, Lahore, Pakistan
- DOI:** <https://doi.org/10.32350/jppp.12.01>
- History:** Received: September 14, 2022, Revised: November 28, 2022, Accepted: December 23, 2022, Published: December 30, 2022
- Citation:** Malik, M. B. (2022). Appraisal of comprehensive scheme of increasing tax base proposed by FPCCI. *Journal of Public Policy Practitioners*, 1(2), 01–32. <https://doi.org/10.32350/jppp.12.01>
- Copyright:** © The Authors
- Licensing:**  This article is open access and is distributed under the terms of [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/)
- Conflict of Interest:** Author(s) declared no conflict of interest



UMT

A publication of
School of Governance and Society
University of Management and Technology, Lahore, Pakistan

Appraisal of Comprehensive Scheme of Increasing Tax Base Proposed by FPCCI

Muhammad Bilal Malik*

National Institute of Management

Abstract

Pakistan's pace of development has been hindered due to a huge informal economy and a narrow tax-base scheme. Sequential successive governments have been unable to remove the formidable impediments due to multifarious factors like cultural mindset, flawed policies, organizational constraints, and rampant corruption. A large segment of the economy is not contributing its fair share into the national revenue collection mainly/primarily due to a lack of ownership by the masses in general and businesses in particular. Sequential successive governments have failed to allay their apprehensions relating to the tax-based system, thereby winning extensive cooperation of FBR's potential to collect taxes, which has been severely compromised because of its non-inclusive approach. This paper aims to critically examine the political legitimacy, operational feasibility, and financial sustainability of the proposals for the Broadening of Tax Base (BTB) scheme proposed by the Federation of Pakistan Chambers of Commerce and Industry (FPCCI).

Keywords: BTB, FPCCI, increasing tax-based scheme, tax base

Introduction

“He that will not apply new remedies must expect new evils; for time is the greatest innovator” (Francis Bacon). Pakistan is a developing country with a rapidly expanding population, as all other developing countries are in a dire need of sustained and stable revenue streams (Ahmad & Stern, 1991, p. 1). If there is a paucity of funds, Pakistani government cannot undertake infrastructure development, poverty alleviation, and high-quality public service delivery. Thereby, a critical role of a robust tax-based system in raising indigenous revenues can hardly be emphasized enough in this situation. As things stand, Pakistan has a very narrow tax-based and inefficient tax machinery, which often forces it to depend on aid from

* Corresponding Author: directingstaffsmw@gmail.com

foreign countries and loans from International Donor Agencies (IDAs) like the World Bank (WB) and International Monetary Fund (IMF).

It is abundantly clear that huge gaps between available revenues, developmental expenditures, and the resulting budgetary deficits are unsustainable in the longer run. IDAs have, time and again, recommended several measures to improve country's tax system. However, most of such proposed measures could not be adopted either due to being perceived as politically unacceptable or operationally unfeasible. The national media has time, therefore, they expressed dissatisfaction over the inadequacies and inequalities regarding the current taxation system. Even within the government itself, the dominant thinking is that much needs to be done in way of improving the system.

Low revenue mobilization in the country proceeds from multiple reasons, for instance, narrow tax base, non-compliance of tax laws, cash economy, absence of tax culture, and distortionary as well as ad-hoc fiscal policy measures. Pakistan's low tax collection is primarily due to a lower percentage of tax paying people, which are in actual liable to pay taxes. Hence, existing taxpayers who are paying lesser taxes than due, through evasion and other loopholes are primarily the reason behind the unsustainable and inadequate system. The first factor, such as, a narrow tax-based system is extremely debilitating and requires to be urgently redressed through sound policy interventions.

Pakistan's pace of development has been retarded due to huge informal economy and a narrow tax base. Every sequential successive government has aimed to tackle these issues but hardly any of them was able to successfully remove these daunting obstacles. Documentation of the economy, which is a prerequisite for BTB, has proved to be very onerous due to the multifarious factors like cultural mindset, flawed policies, organizational constraints, and rampant corruption. Inadequate efforts have been directed towards bringing untaxed persons towards a tax-based system, including all the small and medium-level traders that account for a sizeable portion of the informal economy. A large segment of the economy is not contributing its fair share into the national revenue collection. Without tapping the revenue potential, the dream of self-sufficiency and rapid growth would always remain unrealized.

One of the major reasons for the lack of voluntary compliance with the national tax laws is the lack of ownership by the masses in general and businesses in particular. Sequential successive governments have failed to allay their apprehensions related to the tax system, thereby, they win extensive cooperation. Many of the valid concerns voiced by the business community have failed to appropriately alter the relevant policies. It is imperative that the relevant governmental revenue agency, for instance, the Federal Board of Revenue (FBR) takes necessary measures to address the alienation of the business community on a priority basis and incorporates their valuable suggestions and feedback into the budget proposals, especially the ones aimed at the broadening of tax-base schemes.

Statement of Problem

FBR's potential to collect taxes has been severely compromised due to multiple reasons—among which narrow tax-base scheme is quite significant. Unless remedied urgently, continued low collection shall severely undermine Pakistan's developmental and security needs. An IMF paper from 2016 estimates Pakistan's tax gap at more than 11% of the GDP (Cevik, [2016](#)). Primarily, one of the reasons FBR has failed to broaden the tax-base system is because of its non-inclusive approach, which has not accorded due importance to proposals made by important stakeholders. This paper aims to critically examine the comprehensive scheme for Broadening of Tax Base (BTB) proposed by the Federation of Pakistan Chambers of Commerce & Industry (FPCCI). The current study also explores the proposals having elements of political legitimacy, operational feasibility, and financial sustainability for ready acceptance, which could have led towards raising revenues in a cost-effective manner.

Significance and Scope of Study

This paper aims to appraise the comprehensive scheme for broadening the tax base system, through tax reforms (put forth by FPCCI as part of the proposals for the federal budget 2018-19) on the selected parameters of political legitimacy, operational feasibility, and financial sustainability. In doing so, this study not only reviews possible ways for BTB but also assesses the state of business-government relations. Contrarily, by doing a comparison with the developed countries, business-government relations are not much structured within Pakistan nor they have been given due importance as an effective tool for good governance. To the best of the

author's knowledge, no research study hitherto has analyzed FPCCI's proposals for exploring their potential and effectiveness in significantly broadening the tax-based system. This paper also recommends various measures that can help these proposals to navigate the murky politico-legal environmental challenges. The findings of this study can be made the basis of evaluating the intrinsic merit of the proposals as well as generating a healthy dialogue between the government and the business community. In view of the scarcity of time and space, the paper restricts itself only to a) analyzing the proposal given for the year 2018-19, b) Consulting the FPCCI members and FBR officers stationed at Lahore.

Review of the Literature

Moore argued that justification of a government exists mostly in the degree of overall public value it is able to create for society at large—businesses included (Moore, [1995](#)). A strategy for a public organization should meet three criteria for it to be effective: create something substantively valuable, must be based on legitimacy and political sustainability, and have operational and administrative feasibility built into it (Alford & O'Flynn, [2009](#)). An unsatisfactory rating on any of the aforementioned three tests often affects business-government relations and necessitates, to reform within the particular area deemed to be deficient, or seen as a cause for others to underperform. Thus, changes in the legislature for improving authorizing environment, efforts to improve the public organizations' operational capabilities, which have in some ways improved good governance.

In a democratic society, the government mostly relies on voluntary compliance and one of its major functions is to resolve conflicts and replace exploitation with equity (Hughes, [2017](#)). In modern times, the government is increasingly playing the role of an enabler; and there is “a better appreciation of the limits of government power to achieve outcomes without broad-based citizen support and/or in opposition to market forces”.

Haggard et al. ([1997](#), p. 8-60) argued that close business-government relations are characterized by the following attributes:

- *Increased flow of accurate, reliable information* from the successive businesses to the government can help government to maintain more robust data bases, which can be beneficial for better policy making,

while a flow in the reverse direction can help businesses to improve their performance.

- *Credibility* (as applied to particular policies) of the government acts as a calming influence on the businesses and supports better economic performance.
- *Trust* (as a general environment in which both sectors interact) acts as the basis of reciprocity wherein the businesses implement governmental behests, while the government protects their profitability and addresses their cost-of-transaction concerns (Haggard et al., [1997](#)).

As apparent from the review of previous researches, responding to the demands of societal stakeholders is a recurrent theme. Without incorporating relevant suggestions and constructive feedback from these stakeholders, systems cannot be made robust, people-friendly, and popular. Therefore, it is very important for the Government of Pakistan (GOP) to consider the voices of the business community. Weak businesses would lead to a weak economy, which in turn would lead to a weak country. Governments are required to innovate and reform the tax-based systems in response to the rapidly changing and globalized economic realities.

While discussing the necessity for reform within revenue administration, World Bank's (WB's) lead public sector management specialist for Europe and Central Asian Region, Gill enumerated the following main reasons:

- The integrity and efficiency of the tax and customs department is questionable and this leads to major revenue leakages, apart from suffering of the honest taxpayers.
- Reformation is needed to keep abreast of the ever- increasing sophistication of business activities and to deal with tax evasion (Gill, [2003](#)).

He further clarified that various indicators, which can pin point the existence of weakness within a revenue administration are; low tax to GDP ratio, shortfall of actual tax revenue vis-à-vis the estimated revenue in the budget, low ratio of tax revenue paid voluntarily to the total collected tax, and cost of collection and client perceptions. All of these indicators are presented in the Pakistani tax system and BTB, which is the most effective way to deal with most of these indicators. A certain degree of mutual

confidence must exist between the government and the citizens, especially in the business community, before any significant progress can be made with respect to this account.

Method

Since the paper undertakes an appraisal of BTB strategy proposed by the business community namely FPCCI. The methodology opted for the current research is mainly qualitative and analytical, drawing upon primary and secondary data sources. Extensive use of available literature on the subject in books, journals, reports, official documents, and newspaper articles has been made for uncovering the depth and complexity of core issues and how they interact with various variables within the tax system. Furthermore, for gaining insight into the intricacies of turning proposals into actionable plans, various stakeholders from both sides primarily government and businesses have also been consulted on this subject matter. This process is very helpful in identifying possible roadblocks; thereby it has indicated probable implementation challenges ahead.

Organization of the Paper

Section I of this paper discusses history and important statistics related to BTB followed by facts and reasons for a narrow tax-based system. Institutional weaknesses of FBR were explored in detail, including deficiencies in the BTB set-up. Section II discusses the motives of chambers of commerce and the industry behind BTB-related proposals. The FBR's officers' point of view are also given to take a well-rounded stock of the situation. This was followed by the evaluation of FPCCI's proposals on the selected parameters of political legitimacy, financial sustainability, and operational feasibility. The paper is further concluded with certain actionable recommendations for BTB.

Overview of Current Tax-Based System and Possible Growth Avenues

BTB encompasses a series of interrelated steps including, registration of people liable for registration, filing of returns of income by such newly registered persons, and payment of due taxes. *Ceteris paribus*, a meaningful broadening of tax-based system occurred when there was a significant improvement in the number of filers and taxpayers, which significantly contributed to the overall GDP ratio of the country.

A major BTB effort was undertaken by the Musharraf regime in early 2000s through a painstaking door-to-door survey. The teams constituted countrywide, contained military personnel, which were quite successful in gathering a huge amount of data. However, this extensive exercise yielded little result since the collected data could not be used in a meaningful manner. However, the objectives of documentation and broadening were not achieved and the data got lost over the years. Another attempt at BTB was made between 2013-2016 in compliance with the conditions of the IMF program. Data of economic activities like purchase of properties, vehicles, air tickets and payments against contracts, services, schools' fees, and other function holding charges were captured in a central database, which was categorized under the common denominator of CNIC to prepare economic profiles of individuals for taxation purposes. Tax notices were issued to the identified potential taxpayers. However, due to the limited access of the NADRA database and the presence of incomplete addresses within that database, a huge number of notices could not properly served the purpose, as envisaged under the law. During this period, GOP also brought important legislative provisions into the Income Tax Ordinance, of 2001. Through section 2(23A), the concept of filer and non-filer was introduced and various withholding taxes were charged at much higher rates from the non-filers, thereby, enhancing their cost of doing business and incentivizing voluntary filing of returns.

Review of Tax-Based-Related Statistics

As per a study conducted by the sustainable development policy institute in 2013, Pakistan was ranked the lowest among the countries list of tax filers, as this percentage of the total workforce was at 3.4%—comparatively, for Canada, this figure stands at 80% (Sustainable Development Policy Institute (SDPI), [2013](#)).

An IMF working paper asserted that Pakistan has the potential to double its tax-to-GDP ratio and further stated: Empirical findings indicated that sustainable domestic revenue mobilization requires a concerted agenda of well-defined reform efforts aimed at broadening tax bases, strengthening revenue administration, and taxpayer compliance, eliminating distortionary, overgenerous tax concessions, and exemptions and rationalizing tax policy in an efficient and equitable manner. In this context, improving the perceived fairness of the tax system is a cornerstone of revenue mobilization efforts. (Cevik, [2016](#))

As per the paper, the NTN system covers 3.6 million individuals (or less than 2% of the population) as compared to the 150 million people (or about 80% of the population) covered in the CNIC database. Due to a combination of governmental pressure and incentives, the tax year of 2018 saw an approximately 63% rise in the filers of returns as compared to the previous year. Currently, the number of tax filers is around 2.5 million out of a population of approximately 207 million and the tax-to-GDP ratio hovers around 12%.

The IMF paper furnished strong evidence that Pakistan's tax-based system is quite narrow and requires major changes to increase the tax output. The paper lists the perceived fairness of a tax system as a key to its success. No tax system can be perceived as fair if it fails to bring a substantial number of tax-liable persons into the tax net. Thus, BTB needs to be a pillar of Pakistan's tax policy. However, rational and cultural aversion to paying taxes, an undocumented economy, weak legal deterrence, and ineffective governmental communications with the stakeholders have made broadening of base quite an onerous task. One of the most significant impediments to BTB has been a distinct lack of societal awareness regarding its legal obligations. Additionally, the government has failed to engage civil society in a meaningful dialogue on voluntary compliance. Even for those wanting to get into the tax net, sources to obtain information for clarifying their doubts and allaying their fears are very less. Creating public awareness and subsequent consensus on the importance of contributing due tax share is the need of the hour.

The main component of the existing tax-based system is the salaried class, while registered and taxpaying businesses are far below the potential. Tax collection from the businesses is mainly confined to a few sectors like textile, sugar, cement, FMCG, local car manufacturers, and others. Even these relatively more documented sectors have the scope and incentive to indulge in tax evasion—and they often do. Certain parts of the economy like wholesalers, retailers, fashion designers, online stores, consultants, freelance writers, and small schools are mostly out of the tax net. Unless such untapped potential can be documented and brought into the tax net, there is little hope to meet the growing developmental expenditure required for the country.

Reasons Behind Narrow Tax-Based System in Pakistan

There are multifarious factors responsible for the non-documentation of the economy, tax evasion, and a narrow tax-based system in Pakistan. In this some are related to cultural aspects of society, some to policy weaknesses, and some to institutional capacities. The salient ones are discussed below:

1. Tax laws are generally considered complex everywhere around the world and Pakistan is no exception. Additionally, the filing requirements are also considered difficult to understand since a large part of the Pakistani population is not literate. The complexity of the tax system forces businesses to seek the help of tax consultants—and small businesses, which often can't afford these experts and choose to remain away from the tax rolls. Being part of the informal sector gives traders a decided advantage over competitors operating within the formal sector, therefore, they find it expedient to avoid the documentation process.
2. Public has little confidence in government institutions in general and the tax department, in particular, due to rampant corruption and the unprofessional attitude of the tax employees.
3. Undocumented economy lies at the roots of Pakistan's tax gap (the amount of tax that remains uncollected mainly due to non-compliance with the tax laws). Such economy makes it difficult to broaden the tax base by finding and registering persons liable to tax, tackle non-declaration by taxing all taxable transactions and detect under-declaration, thereby, creating credible deterrence and improving compliance levels. There are numerous, wide-ranging estimates about the size of the undocumented economy. According to an SBP research and also Chairman FBR, it is around 30% (Business Recorder, [2019](#) May). As things stand, VAT aimed at bringing retailers in documented sector, which has not been imposed in letter and spirit and the focus was on the collection of sales taxes on their electricity bills.
4. Efforts of various governments for documentation of the economy with the aim of base broadening with a determined resistance have been met from the trade bodies. On most occasions, the governments have considered political costs too high and backed down from stern action. A distinct lack of will has been found to be at play. Partly, this has to do

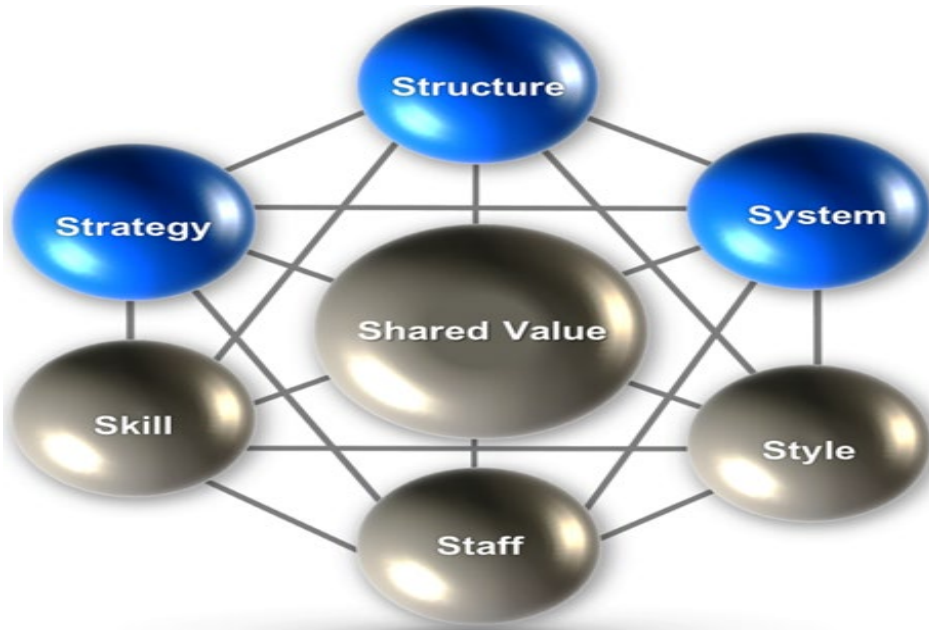
with the fact that some of the prominent business leaders are also office-bearers of political parties. They use their influence and place of privilege to ensure that no tax measures should be considered adverse by the business community, which are legislated into force. As of now, traders are resisting the implementation of legal provision that mandates the recording of the CNIC of the buyer if the purchase amount exceeds Rs. 50,000/- (Karachi Chamber of Commerce & Industry, [2019](#)).

5. There is strong nexus between the tax officials and the traders to beat the system. Unscrupulous tax employees deliberately look away and refrain from bringing the liable persons into the tax net. Breaking this nexus has been an un-surmounted challenge for many governments. For the most part, traders have a negative attitude towards paying taxes and have no qualms about non-compliance with the prevailing laws. They use flimsy pretexts for not paying the taxes—and the classic one is: *'taxes are not spent on us, so why pay!'*
6. Huge data is constantly being generated by various governmental and private sector organizations. Such data sources are contract-awarding government ministries and institutions, property registration offices, housing societies, schools, banks, hotels, travel agents, and others. The repositories of digital data are growing prodigiously owing to rapid digitalization. However, all this captured data is characterized by a lack of uniformity, which renders it mostly unusable for BTB purposes. The only solution to this problem is to integrate this data against a unique identifier, such as, CNIC. If it is done, it would not only be a major game changer for all times to come but also yield rich dividends in the form of substantially enhanced revenues.
7. There is a distinct lack of meaningful cooperation and resultant synergies between various stakeholders. The federal and provincial governments are working in silos. There is a strong tendency among the organizations to hold onto information as if it were personal property. Nor is there an easy access to non-governmental databases like bank accounts, loan histories, and others. Even when access is provided, the databases are found to be incomplete/obsolete.
8. Absence of reliable data on small to medium businesses is a major barrier in the way of formulating an evidence-based, robust policy for BTB. Neither the number of potential taxpayers nor any revenue

estimate is available with FBR or Economic Affairs Ministry (EAM). There is an inexplicable complacency on this count since no action is being taken to tackle this major handicap.

Evaluation of FBR's Capacity for Enlarging Tax-Based System

While Public Administration was characterized by its focus on policy implementation, producer-led output, rudimentary IT capabilities, and weak change orientation. The new public management was characterized by its prime focus on value creation, user-led output, highly evolved IT systems, and strong change orientation. Unfortunately, FBR has failed to evolve with the changing times and is still mired in an outdated mindset and mode of delivery. Currently, FBR faces numerous internal challenges and capacity issues. Internal challenges lie within the organization's power to ameliorate and constitute the internal performance-impeding factors. Moreover, McKinsey's "7-S Framework" is a good way to study an organization's strengths and weaknesses since it helps to identify whether an organization's critical elements are well aligned or not (McKinsey & Company, [2019](#)). Using this handy tool, an analysis of FBR is as follow:



Strategy

Strategy is a set of coherent policies and self-consistent actions employed over long-term for achievement of organizational goals. FBR seems to be failing at delivering the desired results probably because of an absence of a well-defined, consistent, evidence-based, and realistic strategy. BTB features nowhere when it comes to actually implementing strategy in the field formations, where the main focus is always on revenue collection from the existing base.

Structure and Style

Being a part of typical bureaucracy, FBR's structure is hierarchical with highly formalized channels of communications, which emphasize power distance. FBR's non-agility can be exemplified that: it received data on more than 152,000 foreign bank accounts, however, after chasing 400 accounts for five months, it could only recover \$1.2m from one case, over which the lawmakers expressed serious concern (Khan, [2019](#)). There is a lack of transparency and accountability mechanisms are weak. Stakeholders often complain about FBR's high-handedness (Aslam, [2019](#)). Moreover, the performance is not properly measured and incentivized. Overall, the organization is not well suited to undertake an onerous and huge task like a major BTB drive.

Systems

Systems and processes are neither robust, nor dependable nor they are ever-evolving. They do not support effective strategy execution. FBR faced severe embarrassment in the recent past year when its IT portal for the Asset Declaration Scheme crashed near the closing date of that scheme (Business Recorder, [2019](#) June). Systems like the IT system are sub-optimally used due to non-integration and obsolete databases. Stand-alone systems cause a lot of time wastage. As of now, FBR is not well equipped to handle large amounts of data processing that would accompany any large-scale BTB effort.

Staff and Skills

FBR officers recruited through competitive exams come with very different academic and social backgrounds. They are mostly generalists with varying degrees of skills and motivation. There is no emphasis on functional specialization, which is an essential required skill in this era.

Lack of training also hampers their professional development and fitness for undertaking novel assignments. Most of FBR's support workforce is typical of public sector officials, which are change resistant and are not used to of the working environment, which makes them corruptible.

Shared Values

As per the official documents, FBR's stated values are: integrity, professionalism, teamwork, courtesy, fairness, transparency, and responsiveness. In reality, the value system in these departments is very weak and every-man-for-himself mentality prevails. Values are not communicated and discussed very often by the top leadership. Practically speaking, during performance evaluations these are distant second to revenue collection related performance.

As apparent from the above discussion, FBR is facing challenges at multiple levels, including flawed strategies, resource constraints, untrained and demotivated manpower, and others. Currently, the organizations are in a fire-fighting mode and futuristic expansion. Under such circumstances, formulating and implementing an effective, robust BTB policy appears to be highly unlikely/improbable. Pakistani tax structure is heavily reliant on the withholding tax regime. As per the FBR yearbooks, withholding taxes constitute around 68% of total individual and corporate taxes. Collection of a major portion of income tax through the withholding regime is very easy, therefore, it acts as a disincentive for embracing the direct taxation approach. Similarly, FBR has resorted the collection of sales taxes through power distribution companies on commercial/industrial connections, while no further efforts were made to detect new cases of retailers to bring them into the tax net. It is difficult to collect taxes from an undocumented and highly scattered sector. Hence, the prime focus is on sales taxes collection at the initial import or manufacturing stage, instead of the retail and income tax at the withholding stage.

Issues Within the Recently Abolished BTB Set-up

For expanding the tax net, FBR established the Directorate General of Broadening of Tax-Based System (DG-BTB) in 2016 with four commissioners, one each at FBR (HQ), Islamabad, Rawalpindi, Lahore, and Karachi. Prior to that, this function was performed by specialized units in the Regional Tax Offices (RTOs) based on the data provided by a commissioner of BTB at FBR (HQ). The BTB set-up was still weak and

under-resourced in terms of logistics and human capital and lacked financial support and powers. The operational design of the BTB wing was also flawed since there was no administrative ownership by the chief commissioners of RTOs where BTB commissioners and their teams were stationed. Under the setup, BTB commissioners reported to the DG BTB at FBR but were dependent on the chief commissioners of RTO for resources. The chief commissioner, on the other hand, had a great incentive to divert more resources towards greater revenue-yielding activities since his performance evaluation was done on the set parameters. Thus, there was a major problem with goal alignment under this setup. Other problems included overlapping jurisdictional issues, absence of ownership at the RTO level, dotted-line relationship (duplicity of reporting hierarchies) and lack of administrative oversight by the chief commissioners.

Human resources put at the disposal of BTB commissioners were inadequate and not highly skilled. Additionally, workplace facilities were also far less than what was required for the developmental stage. One major deficiency was the lack of operational vehicles for conducting field surveys—an essential step to gauge tax potential of various businesses within a jurisdiction. Deployment of a team of four to five officers under a BTB Commissioner for big cities like Karachi, Lahore, and others was bound to deliver disappointing results, which it did.

FBR databases were not connected with the databases of other organizations, especially the ones operating within the public sector. Therefore, creating an economic profile of a potential taxpayer became very difficult. Mostly, manual data was collected from the organization centrally by the DG BTB, which was analyzed with the help of PRAL and later transferred to the respective commissioner having jurisdiction. This exercise was done manually or through emails, which comprised of data security and created opportunities for its misuse. A non-existent national database prevented field formations from skillful analysis and utilization of the existing data. They did not have sufficient IT support as they were lower on the priority list of PRAL and the IT Wing of FBR. Essentially, there was a distinct lack of understanding about the enormity and importance of the BTB task.

Eventually, FBR abolished the BTB zones and their functions have been transferred to existing zones. These territorial zones had greater number of human resources and had comprehensive jurisdiction with respect to

enforcement and audit and legal functions relating to the newly identified taxpayers. Such a situation removes, overlaps the duplication of work, thereby making the whole process more efficient and streamlined. The zones already have intimate and expert knowledge about their jurisdictions and it would be far easier for them to identify and process the cases of new taxpayers. However, as discussed earlier, BTB may not remain an area of prime focus for the commissioner, who would be constrained to give priority to revenue collection targets. While the recent large-scale shuffle of the FBR workforce was meant to sever the nexus between vested interests, it has also decreased Zones' capacities by losing staff members that had detailed knowledge about the territorial jurisdiction. Under the prevailing conditions, there is a lot that should give hope to the zonal commissioners—especially the fact that BTB is a high-priority area on the government's agenda due to IMF pressure and the ongoing economic crisis. Therefore, there would be a lot of political support for any actions taken under this umbrella. Additionally, the insertion of the tenth schedule to the income tax ordinance, 2001 has given unregistered persons the incentive to get registered for availing lower withholding tax rates. Amid all these factors, the real challenge would be to add those taxpayers to the tax rolls that significantly enhance the revenue collection—going after the big fish is of the essence.

Review and Analysis of FPCCI's Major Proposals on BTB

Pakistan Tax Policy Report published by World Bank (2009) noted that the broader the base, the lower the rate needed to generate a given revenue level (World Bank, 2009). However, the lower rates would lead to lower efficiency costs. Income tax bases should be broad, treating all incomes, from every source, as uniformly as possible. This need not imply a redistribution of income among the rich if BTB efforts focus on eliminating loopholes that are exploited by those who can afford to employ tax lawyers.

Dissection of Motives of Chambers of Commerce

The documented taxpayers and organized sectors can offer invaluable insights into cracking the conundrum of tax base broadening. The Overseas Investors Chamber of Commerce and Industry (OICCI), claims to represent the largest bloc of foreign investors in Pakistan. It boasts itself as the largest business chamber in the country based on contribution to the national and provincial exchequers, as well as to the GDP, as over one-third of the total

revenue collections in the country by the Federal and Provincial revenue authorities, come from OICCI members. Under its taxation proposals 2018-2019, it states:

1. Tax policies should be predictable, transparent and consistent, and must be implemented properly. Furthermore, these policies should be for longer timelines with 10 years phasing period to facilitate and protect longer-term investment plans of local and foreign investors.
2. Growth in tax collections, over and above the projected growth from the organized sector, should be based on broadening the tax base and bringing new taxpayers into the tax net. This must be quantified based on verifiable economic data and performance measured through enforcement on a regular basis (Overseas Investors Chamber of Commerce and Industry, [2018](#)).

Under the heading ‘Tax Broadening and Documentation Measures’, OICCI elaborated: additional taxes should not be raised from those who are already paying taxes honestly and diligently but the increase in tax collections should be made from those entities and individuals who have so far successfully evaded paying their due share of taxes to the national exchequer (Overseas Investors Chamber of Commerce and Industry, [2018](#)). As per the recommendations, there should be political will and transparency in ensuring that various business activities and all tax-liable persons across the board are included in the tax net.

Inclusiveness Engenders Ownership

During the course of this research, interactions with the members of FPCCI revealed their disenchantment on account of exclusion from the legislative and policy domains. Being registered taxpayers, their main grievance was that the government has failed to provide them with a level playing field—especially to the relatively small and medium business (SMB) concerns. Paying high taxes is a heavy drain on any business. If the competitors of tax-paying businesses do not pay tax, the tax-compliant business would become unsustainable due to high costs. Therefore, taxing businesses across the board is imperative for ensuring the rights of law-abiding persons.

The business community, every year offer well-thought- out proposals to the government for removing the anomalies within the tax system and making it robust. However, their proposals are not heeded nor are they

informed about the reasons for not adopting the proposals. The community feels that the government is not entirely serious about BTB—and this may be because a large-scale action on this count may have political costs, which they might not be ready to pay.

Devano and Rahayu stated that awareness and compliance of taxpayers to meet their tax obligation depends not only on the technical issues that relate to the collection method, tax rates, penalties, and others, but also depends on the willingness of the taxpayers to comply with the laws (Devano & Rahayu, [2006](#)). The authors go further to assert that willingness is amenable to agencies of social change and can be enhanced through broad-based inclusion of stakeholders. This sentiment was also vented by the businessmen who said that low tax registration and lack of voluntary compliance in Pakistan are clear proofs that a vast majority is unwilling to share the tax burden and the government is not doing enough to make its citizens aware of its primary duty towards the state. Although tax-compliant businesses are ready to stand by the government in any awareness campaign, yet the government has failed to come up with any plan to rectify the situation either through persuasion or coercion. At times when the registered traders have tried to confidentially identify the tax evaders, unscrupulous elements within revenue agency have revealed their names to the evaders, thereby, creating lasting enmities and threats to the lives of the complainants.

Views of FBR Officers—the Alternative Narrative

Consultations with the FBR officers for obtaining their perspectives revealed some interesting viewpoints. It was pointed out that continued under-achievement of national objectives was caused either by unabated failure of policy or operations or both. Lack of public awareness leading to unsuccessful BTB efforts is mainly a policy failure/problem. Educating people with respect to their obligations is the hallmark of good governance and plays pivotal role in ensuring positive national outcomes. However, successive governments have failed to effectively communicate the importance of compliance with tax laws. This neglect is further worsened by the perception that the government lacks credible means and will to act against those flouting the laws.

From public's viewpoint, there has always existed the paucity of avenues for obtaining tax-related information. The problem assumes bigger

proportions given the complexity of tax laws, major financial costs, and low literacy levels of the people. Taxes are considered abstruse and daunting even in societies with high literacy rates. In the Pakistani society, lack of reliable resource persons and information terminals leave little chance for people to be able to find answers they are looking for. The tax practitioners and consultants have a vested interest in ensuring that the general taxpaying population remains unaware of tax laws so that their dependence on these intermediaries continues. No concerted effort has been made by the authorities to arrest this trend through simplified tax codes and outreach programs. The masses have deep-rooted apprehensions about the tax authorities and fear to approach them in order to avoid unforeseen troubles. Despite the fact that the government has vociferously trumpeted tax reforms, the perceptions of the tax authorities in the public mind have failed to change—and sociologists tell us that course of human action is determined more by perception than reality.

Poor quality of public services in Pakistan has convinced people that the taxpayers' money is not used properly and is often wasted by the ruling elites on whimsical projects, foreign tours etc. Kamil points out that justification for tax contribution should be very clear to the people—otherwise, they would feel justified in withholding their contributions (Kamil, [2015](#)). In other words, the tax revenues should be spent in accordance with the wishes of the people; if the same is not done, the alternative spending choices should be justified before the public and to their satisfaction.

Good governance is epitomized by predictable, open, and enlightened policymaking (that is, transparent processes); a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law. (World Bank, 1994 as cited in Kulshreshtha [2008](#), 557)

It can be seen that the government has failed to engage civil society as a matter of policy—democratic policies are expected to be citizen-centric and inclusive. Experiences within the policy arena show time and again that top down decision making fails to increase public ownership and win popular support for major policy objectives.

Parametric Viability Analysis of FPCCI's Proposals for BTB

In the opinion of FPCCI, the following proposed measures would help to broaden the tax-based systems and remove disparity among the existing taxpayers. These would also result in bringing more unregistered persons into the tax net and help in reducing the tax burden on the existing base. A review of each proposal has been undertaken on the selected parameters of political legitimacy, operational feasibility, and financial sustainability.

Proposal a

All the persons/authorities like registrars, cooperative housing societies responsible for allocation / registration / transfer of immoveable properties (industrial, commercial, residential & agriculture), motor vehicles registration authorities, clubs (private & public), credit card issuing authorities, central depository company limited, national clearing company of Pakistan, large scale private hospitals, educational institutions, electricity distribution companies granting commercial and industrial electricity connections, marriage halls/hotels providing catering services at all types of events, financial institutions distributing profits/interest on investments (including national saving schemes), mutual funds, immigration officer for international travel:

- i. Must obtain CNIC/NICOP/Passport number at the time of allocation/registration/transfer of immoveable properties and providing or rendering of any type of services or assistance.
- ii. Should submit prescribed information on quarterly basis to the FBR department.

Proposal b

All the withholding agents and related departments (including defense) should be required to submit prescribed information in respect of tax deduction on goods purchased, services acquired or execution of any other contracts on quarterly basis.

Both the above proposals relate with capture and use of information from withholding tax regime, therefore, it would be dealt with collectively. A major portion of activities pointed out in these proposals are already being undertaken. Section 153(7) of the Income Tax Ordinance, 2001 mandates the conditions for being a withholding agent. Most of the authorities mentioned in the proposals are already withholding agents. However, not

all are submitting information to the FBR authorities in the prescribed format, for instance, withholding statements. Entities like large-scale private hospitals, educational institutions, and hotels/marriage halls are generally more non-compliant with the legal provisions. To counter this, the tax authorities have been empowered to enforce withholding statements under section 165, to conduct withholding audit u/s 161, and impose additional tax u/s 205 and penalty u/s 182 of the ordinance.

There are a lot of problems in the withholding tax regime as things stand. Firstly, not every withholding agent files mandatory withholding statements. Keeping tabs on who has filed the statements and who hasn't been an onerous task requiring alert workforce in adequate numbers. Another, identified problem is of government institutions not filing the statements, since their transgressions are viewed more leniently by the tax authorities as compared to the private sector withholding agents. The penalties for non-filing of statements are very low and do not serve as ample deterrents against the flouting of laws. Often the appellate forums also take a lenient view of such withholding default, which further emboldens the violators. The biggest issue, however, is incomplete / improper filling of the withholding statements. Many mandatory columns are deliberately left blank by the withholding agents, knowing that tax authorities won't have the capacity to identify the shortcomings and take remedial action. Improperly filled statements lose their effectiveness as detection tools since data therein is either missing or incomplete. Not recording the exact CNIC or address of the deductees directly hits at the potential use as a BTB tool.

This proposal scores high among the parameter of political legitimacy due to its already existing high acceptability level and also on financial sustainability since no major expenditure is involved in implementing it because the required software is already deployed. The main problems have arisen in its operationalizing for collecting effective and useable data. The system allows to fill incomplete information even in the fields where it can be prevented, for instance, by recording full and accurate digits of CNIC. Sufficient punitive actions are not in place to coerce the dishonest / unscrupulous elements into proper compliance. It is important to note that tax authorities have failed to use data disclosures within the withholding statements in an effective manner for BTB. This neglected area needs to be revisited with a singular focus on devising the best mechanisms to boost revenues from untapped sources.

Proposal c

FBR should maintain a database of above third-party information enumerated at (a) and (b) above and generate a complete profile for cross-verification as well as the discovery of new taxpayers.

Work on this proposal is already being done within FBR for three years. A lot of recent measures have also been taken for creating a reliable data bank of persons based on their economic activities and transactions. This has given FBR a 360-degree view of potential and existing taxpayers. The detected economic activities are to be treated as proxies of income and the department would confront this data to the non-filers in a gradual manner. A comprehensive exercise by the top management of FBR is underway to engage all major organizations and institutions possessing data on economic transactions. Third parties like banks, real estate developers, provincial authorities, excise and taxation departments, CDA, vehicle manufacturers and dealers, utility companies like DISCOs, SNGPL, SSGPL, development authorities, and others, have been approached. As a consequence of high-level engagements, large data are being received at FBR which is handled by a team of IT experts under the direct supervision of Member IR-Operations and Chairman FBR. As the first step, 200,000 high-net-worth individuals have been identified, which have already issued its first notice in the month of August 2019.

The data of industrial and commercial consumers of utility companies has been obtained. It indicated that there are more than three million users but only 45,000 are registered for the purposes of sales tax despite the fact that all are liable to register under the law.¹ Field formations of FBR have launched a drive whereby these consumers have been issued soft and informal letters (along with their bills), apprising them of their obligation for registration. This is a huge undertaking, requiring a lot of human resource and logistic support, which FBR lacks at this point. For registration and enforcing returns of income in such a huge number of cases, the highest level of commitment supported by maximum resources is required. The whole exercise has been rolled out without a comprehensive implementation plan, which is a major risk and may result in failure.

This proposal has high political legitimacy and no significant financial burden on the system. However, the integration of data from various sources

¹ PRAL and FBR data of registered persons.

would be a difficult and time-consuming operational task. Securing data from internal pilferage (deliberate omission) at the time of entry or/and subsequent misuse would also be a challenge. However, a reliable databank can go a long way in providing the operational anchor for casting the BTB net both far and wide.

Proposal d

Exemption under Section 111(4) of the Income Tax Ordinance, 2001 may be allowed only to the foreign remittance brought into Pakistan through proper banking channel by the overseas Pakistanis for maintenance of their families or for balancing, modernization and replacement (BMR) of existing industrial undertakings or for making the fresh industrial investment.

This proposal was not very effective since its scope was very limited. Firstly, section 111(4) of the ordinance already gives immunity from its operation to amounts of foreign exchange brought into the country through proper banking channels. Secondly, there is no bar on spending the amounts so brought on family expenses, BMR or investment. The legal machinery is already in place and working. Government has encouraged investment through multifarious incentives like tax credits, initial allowances. Aside from what has been said before, it can be well appreciated that more investment results in more income generation and job creation, which in turn leads to higher tax collection. Therefore, overseas Pakistanis should be encouraged to do whatever they can for the uplift of their homeland. This proposal forms a very small component of the overall BTB drive. Despite its political legitimacy, operational feasibility, and financial sustainability, it would not be substantial enough to make a huge difference at the national level.

Proposal e

The person earning income above the prescribed limit must file his return of income compulsorily.

This proposal states the obvious but misses out on telling about the how part. The legal framework already exists in the form of section 114 of the ordinance, which explained all the categories of persons that are required to file returns of income. However, this national duty is largely ignored by a vast majority of persons liable to file returns. Low credible deterrence, high rates of taxes, poor public perception about tax officials, complex tax laws

and so many other factors underline the non-filing phenomenon. In a largely undocumented economy, it is not even possible to identify the persons liable to file returns. Additionally, FBR has serious capacity issues when it comes to enforcing the filing. Low human and other resources have perennially hampered FBR's performance under this head. A few hundred officers are insufficient to deal with millions of non-compliant, tax-liable persons. Tax authorities have often failed to use the full force of the law for enforcing compliance. Section 182 prescribes penalties for non-furnishing of return and section 191 gives the option to prosecute the non-filers. However, not many cases are pursued getting convictions that entail both fines as well as imprisonment.

This proposal has high political legitimacy but is significantly hampered by the operational capacity of FBR. The government needs to design well-thought-out awareness programs to persuade the relevant person to return filing. The punishments for non-filing also need to be made stricter and enforced with an iron hand. A right balance of persuasion and coercion would go a long way.

Proposal f

Presently the share of tax collected by the provinces in comparison to their contribution to GDP is very low. The Federal Government of Pakistan as such is required to help and assist provincial governments to strengthen their tax collection mechanism. In case a provincial government does not have the proper infrastructure to collect provincial taxes then the Federal Government may be authorized to collect tax on its behalf. The federal government should also ensure that all provinces are collecting due tax on agriculture income.

After 18th amendment in the constitution of Pakistan, the powers to collect tax on services have been transferred to the provinces. However, it has been felt that provinces lack the capacity to fully tap tax potential handed over to them. Most of the provincial Revenue Agencies, including Punjab Revenue Authority (PRA), are working with officers borrowed from FBR. They not only lack the inherent capacities but also are found wanting in their eagerness to develop a capable, homegrown workforce. Trepelkov et al. (2015) highlighted the need for strong institutional capabilities as the bedrock for a nation's growth. Owing to deficient capabilities, the provinces have not been able to significantly enhance the revenue collection, which

was expected from decentralization. Land and vehicle registration, marriage halls, professional taxes. are sub-national taxes and offer lucrative avenues for BTB, both for sales tax on services as well as income tax. However, not much progress has been made in this area. The agriculture sector, for example, generates less than 0.1% of total revenues although it accounts for around 20% of the GDP (RIAA Barker Gillette, [2019](#)). There has to be a dialogue between the federation and the provinces regarding joint strategy for preventing revenue leakages by filling the cracks created by the decentralization of taxes on services. Additionally, a capacity audit for each provincial revenue agency must be conducted to identify areas of critical skill shortages and remove such deficiencies that lead to lower levels of collection-related performance.

This proposal is highly relevant in the context of BTB and embodies a great deal of political legitimacy and operational feasibility. Multiple stakeholders, including donor agencies, have stressed the need to plug the tax gaps, as mentioned earlier in the paper. Plugging the loopholes through better coordination and solidifying task-critical skills at all levels of government are the keys to a broader, more inclusive, and diversified tax based system, yielding optimal revenues for national development.

Proposal g

At least for five years' jurisdiction (other than LTUs, CRTOs) should be made and fixed on a territorial basis to avoid slippage of potential taxpayers.

As things stand, the jurisdictions are very rarely changed. These are mostly done when the taxpayer himself applies for a change of jurisdiction or shifts his business premises from one location to another. In rare cases, territorial jurisdictions are changed due to certain technical reasons or clubbing of same-sector cases for better handling and more uniform application of laws and standards. The territorial jurisdictions of zones are also very rarely changed. Therefore, this proposal is devoid of inherent merit.

Although the proposal has no additional financial implications, it is not operationally feasible to fix jurisdictions in a very rigid manner. It would detract from the organic approach FBR follows in assigning cases on the bases of taxpayers' ease and its own operational capabilities.

Proposal h

Tax credit @5% may be allowed to those taxpayers whose 80% of purchases are from such persons who are registered sales tax and income tax payers.

The underlying thought behind this proposal is to encourage documented business transactions and create due incentives through monetary recoupment of a part of the total payable tax. This can be an effective way to encourage business with registered persons—thereby incentivizing registration and consequently broadening of tax-based system. However, what needs to be determined is whether the tax credit at 5% would offset the financial advantages gained from dealing with the undocumented sector. Given that various business segments have differing profit margins, the fixed figure of a 5% tax credit may not be suitable for all the taxpaying segments. There is a need to develop various complicated permutations of this idea and fix customized rates in consonance with the benchmarked margins for different businesses. This might lead to a highly nuanced tax credit scheme but that scheme would be well suited to provide luring incentives. As per the theory of incentives, combining substantial personal interest with public good yields the best results, since it heavily tilts the decision matrix in favour of the state on a wide array of attributes, including pro-social behaviour, social acceptability, and legal conformance. (Martimort & Laffont, [2009](#)).

This proposal can be highly acceptable from a political standpoint if: the intervention is designed in a way to incentivize voluntary registration and it shows quick and early gains to the political masters. It is operationally feasible and can be easily managed within the existing capabilities of FBR. It may lead to slightly less collection of taxes but would remain financially sustainable as long as entry of new taxpayers into the system offsets the loss from tax credits. However, even if the marginal loss of revenue is not compensated in the short term, it would pay dividend in the long run—and that alone makes this option worth pursuing.

Proposal i

“Common Tax Identifier” card be issued to the existing filer taxpayers with a validity of two years. Such card holders should be facilitated with fast track services at immigration counters, passport/driving licenses offices and all the government departments on priority basis.

Although there is a tradition that FBR recognizes its top taxpayers for the last many years through the issuance of appreciation certificates, yet common tax identifier cards are not issued to the general taxpaying population (Hussain, [2019](#)). However, providing public service delivery and facilitation to the taxpayers on a priority basis can work as a motivator for tax registration. However, there are two points that need to be kept in mind. One is that under this scenario even those persons would be discriminated against who are legally not liable to pay tax, for instance, labourers, unemployed, housewives, and others. Secondly, persons who are earning huge illegal incomes would find it a very weak incentive for tax registration, especially when they know they can bribe their way through the system. This proposal would be more welcomed by the existing base. On account of the two aforementioned caveats, this proposal holds little potential for significantly broadening the base.

This proposal may very well be politically legitimate, financially sustainable, and operationally feasible yet it has little chance of being effective because it offers very little incentive for those profiting richly from remaining out of the tax net.

Conclusion

In general, tax- based broadening reforms were identified as growth-oriented reforms. To the extent that they reduce distortions to economic decisions on work, saving, investment and consumption, they should increase output and improve social welfare (OECD, [2010](#)). Keeping the same collection target, BTB led to the lower tax rates since the tax burden was distributed over a larger number of taxpayers. As discussed, in the current research, Pakistan has a very low tax-to-GDP ratio and one of its main cause was the non-tax payers who are legally obligated to pay taxes. Various factors like weak political will, complex tax laws, high tax rates, low capacity of revenue collecting agency, culture of non-compliance, and corruption and inter-organizational lack of coordination were combined to make BTB a major challenge. However, given the ever-deteriorating situation of fiscal deficits and unsustainable burden of public debt, it is essential to take meaningful action and improve revenue collection without the delay.

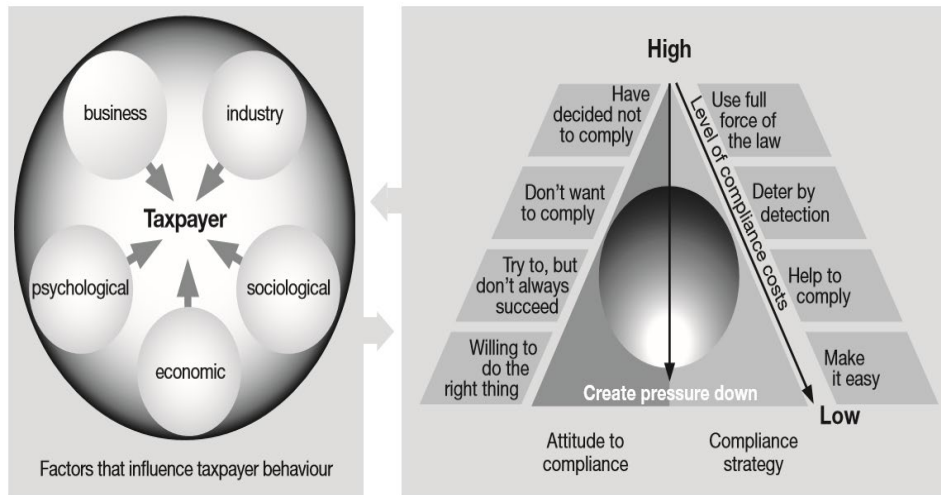
Recently, there has been a trend towards increased documentation, yet the process is quite slow and requires to be expedited through data

integration based on CNIC, which must be implemented across the complete economic and institutional spectrums. This would require substantial political will since the process involves making tough, unpopular decisions, and fighting vested interests' regimes. Deft tackling of legal complexities, public fear, and unfavourable perceptions towards tax collectors are necessary for the significant progress. BTB- related challenges require an innovative and robust framework—an operating model, which leverages the existing structure and resources under the umbrella of ICT-driven processes. Pakistan's dilemma is not a lack of tax potential; rather it focuses to tap the untapped potential.

Recommendations

OECD ([2015](#)) considered the presence of large informal economies in most developing countries as an important reason for engaging the taxpayer education. The massive scope of modern tax-based systems has necessitated a new communication model that convinces taxpayers, rather than forcing them to pay taxes. Citizens must be treated more as allies than mere obligation holders. These efforts are especially relevant in those countries (like Pakistan) where tax administrations were historically perceived as coercive and repressive agents. Russell ([2010](#)) stressed the need to review and understand the motives of people for non-compliance in a structured way. The compliance model proposed by Russell helped governments to view the mediating factors, which were influencing taxpayers' behaviours from multiple viewpoints, thereby, making it an easy to identify, which interventions would best serve the purpose. The model (shown in the figure below) has two parts:

- The left side of the model recognizes the various mediating factors influencing taxpayer behaviors.
- Whereas, the right side reflects the different taxpayer attitudes to compliance and the corresponding compliance strategy that best responds to each particular attitude.

Figure 1*The Compliance Model*

With the right responses and interventions, governments/revenue agencies can influence taxpayer behaviour in a positive way. The ultimate aim was to bring as many taxpayers as possible to the base of the pyramid into the *willing to do the right thing* zone. Lower ranked risks should be monitored on a regular basis to identify potential changes in circumstances.

With the aforesaid backdrop, following recommendations are made for BTB at an accelerated pace:

1. All thirdparty databases may be integrated, major economic transactions analyzed against CNICs and parametric desk audits conducted through a robust digital decision support system for identifying unregistered persons and under-declaring taxpayers.
2. A phased survey of major business districts, industrial zones, and big markets may be conducted to unearth persons liable for registration and paying taxes.
3. Strict punitive actions may be taken against non-registered persons and non-filers as provided under the law, including prosecution, and imprisonment. The corrupt officers of revenue agency may also be held accountable as envisaged under the law.

4. Legislative and procedural simplification along with rationalization of tax rates can be made a priority concern. High rates of taxes are a major disincentive for the tax registration.
5. The working of FBR may be modernized through adequate provision of men and materials, aimed at enhancing positive outcomes and efficiency in areas of priority, including BTB. For better, rational decision-making, an evidence and research-based approach may be used.
6. BTB-related performance may be made a significant part of the evaluation criteria to properly incentivize efforts in improving these traditionally weak areas.
7. FBR's processes may be made technologically driven, which would result in making it an agile and efficient organization, capable of effectively handling large amounts of the data.
8. Special focus plans may be devised for tackling known sectors with low registrations like retail, wholesale, online stores, fashion designers, and others.

References

- Ahmad, E., & Stern, N. (1991). *The theory and practice of tax reform in developing countries*. Cambridge University Press.
- Alford, J., & O'flynn, J. (2009). Making sense of public value: Concepts, critiques and emergent meanings. *Intl Journal of Public Administration*, 32(3-4), 171-191.
<https://doi.org/10.1080/01900690902732731>
- Aslam, M. (2019, March 12). *FPCCI asks PM to take note of FBR's high handedness*. customsnew.pk Daily.
- Business Recorder. (2019 June). *Assets declarations: Declarants face hardships as FBR portal breaks down*.
<https://fp.brecorder.com/2019/06/20190628492250/>
- Business Recorder. (2019 May). *Size of parallel economy is over 30 percent*. <https://fp.brecorder.com/2019/05/20190511472257/>
- Cevik, S. (2016). *Unlocking Pakistan's Revenue Potential*. IMF Working Paper WP/16/18.

<https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Unlocking-Pakistans-Revenue-Potential-44208>

- Devano, S., & Rahayu, S. K. (2006). Taxation: concepts, theories and issues. *Jakarta: Kencana*.
- Gill, J. B. S. (2003). *The Nuts and Bolts of Revenue Administration Reforms*. World Bank. <http://siteresources.worldbank.org/INTTPA/Resources/NutsBolts.pdf>
- Haggard, S., Maxfield, S. & S, B. R. (1997). Theories of Business and Business-State Relations. In S., Maxfield, & B. R. Schneider, (Eds.). *Business and the state in developing countries*. (pp. 36-61). Cornell University Press.
- Hughes, O. E. (2017). *Public management and administration*. (3rd ed.). Bloomsbury Publishing.
- Hussain, J. (2019, February 20). *People who pay most tax are true VIPs of Pakistan, says PM Khan*. Dawn. <https://www.dawn.com/news/1465004>
- Kamil, N. I. (2015). The Effect of Taxpayer Awareness, Knowledge, Tax Penalties and Tax Authorities Services on the Tax Compliance:(Survey on the Individual Taxpayer at Jabodetabek & Bandung). *Research Journal of Finance and Accounting*, 6(2), 104-111.
- Karachi Chamber of Commerce & Industry. (2019 June 19). *KCCI terms requirement of CNIC detrimental to economic activities*. <https://www.kcci.com.pk/PR19-Jun19.html>
- Khan, M. Z. (2019 March 15). *After chasing 400 foreign bank accounts for five months, FBR recovers \$1.2m from one case*. Dawn. <https://www.dawn.com/news/1469734>
- Kulshreshtha, P. (2008). Public sector governance reform: The World Bank's framework. *International Journal of Public Sector Management*, 21(5), 556-567. <https://doi.org/10.1108/09513550810885831>
- Martimort, D., & Laffont, J. J. (2009). *The theory of incentives: the principal-agent model*. Princeton University Press.

- McKinsey & Company. (2019). *Enduring Ideas: The 7-S Framework*. <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/enduring-ideas-the-7-s-framework>
- Moore, M. H. (1995). *Creating public value: Strategic management in government*. Harvard university press.
- OECD. (2010). *OECD Tax Policy Studies: Choosing a Broad Base: Low Rate Approach to Taxation*. OECD. https://read.oecd-ilibrary.org/taxation/choosing-a-broad-base-low-rate-approach-to-taxation_9789264091320-en#page1
- OECD. (2015). *Building Tax Culture, Compliance and Citizenship-A Global Source Book on Taxpayer Education*. OECD Publishing. https://read.oecd-ilibrary.org/taxation/building-tax-culture-compliance-and-citizenship_9789264205154-en#page1
- Overseas Investors Chamber of Commerce and Industry. (2018 February). *Taxation Proposals 2018 -2019*. <https://www.oicci.org/wp-content/uploads/2018/08/OICCI-Taxation-Proposals-2018-19-Final.pdf>
- RIAA Barker Gillette. (2019). *Tax challenges faced by Pakistani governments*. <https://www.riabarkergillette.com/pk/tax-challenges-faced-by-pakistani-governments/>
- Russell, B. (2010 November). *Revenue Administration: Developing a Taxpayer Compliance Program*. International Monetary Fund, 2010. <https://www.imf.org/external/pubs/ft/tnm/2010/tnm1017.pdf>
- Sustainable Development Policy Institute (2013). *Draft Study: Reforming Tax System in Pakistan*. <https://www.sdpi.org/publications/files/Draft%20Study-%20Reforming%20Tax%20System%20in%20Pakistan.pdf>
- Trepelkov, A., Tonino, H., & Halka, D. (2015). *United Nations Handbook on selected issues in protecting the tax base of developing countries*. UN: The United Nations. <https://www.un.org/esa/ffd/wp-content/uploads/2017/08/handbook-tax-base-second-edition.pdf>
- World Bank. (2009). *Pakistan Tax Policy Report (2009) [No. 50078-PK]*. <https://openknowledge.worldbank.org/handle/10986/3100>